

THE INTERAGENCY AGREEMENT
BETWEEN THE
DEPARTMENTS OF
MEDICAL ASSISTANCE SERVICES
AND
MENTAL HEALTH, MENTAL RETARDATION AND SUBSTANCE ABUSE
SERVICES

DMAS/DMHMRSAS Interagency Agreement

Interagency Agreement Between The Department of Medical Assistance Services and The Department of Mental Health, Mental Retardation and Substance Abuse Services Regarding Provisions for the Administration of Certain Medicaid-reimbursable Services

1.0 PURPOSE

The purpose of this Interagency Agreement (Agreement) is to delineate the duties and responsibilities of the Department of Medical Assistance Services (DMAS) and the Department of Mental Health, Mental Retardation and Substance Abuse Services (DMHMRSAS) for the administration of the following services, hereinafter referred to as the covered services:

- community mental health rehabilitation services;
- targeted mental health and mental retardation case management;
- substance abuse treatment for pregnant and postpartum women;
- intensive in-home and therapeutic day treatment services for children and adolescents in the Early and Periodic Screening, Diagnosis, and Treatment Program;
- mental retardation home- and community-based waiver services; and
- any other new or expanded mental health, mental retardation, and substance abuse services related to these services that are covered subsequently by the state Medical Assistance Plan.

The Agreement establishes the goals of the Agreement, roles of each agency, general duties and responsibilities, and protocols for the development, implementation, and management of the covered services. This Agreement does not cover or change existing arrangements for Medicaid funding of state mental health and mental retardation facilities. This Agreement does not include medical/surgical inpatient psychiatric, outpatient clinic, and pharmacy services, except for the provision of certain information about them.

The Interagency Agreement is intended to ensure that the covered services and the reimbursement for such services are provided in a manner that is consistent with statutory and regulatory requirements and the missions and policies of DMAS and DMHMRSAS.

2.0 GOALS

DMAS and DMHMRSAS enter into this Agreement to achieve the following goals to:

2.1 work together collaboratively to plan, implement, manage, reimburse, and monitor the covered services.

2.2 coordinate applicable parts of the Commonwealth's service delivery system for Medicaid enrolled recipients who need the covered services.

2.3 ensure that communication to providers and recipients, potential recipients, and consumers is accurate, complete, readily understandable, consistent, and timely.

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2.4 work together to reduce fragmentation of services and ensure implementation of best practices.

2.5 enter into contractual or sub-contracted arrangements with each other as a mechanism for promoting the effective and efficient administration of the Commonwealth's Medicaid program

The two agencies recognize that each has a distinct role in developing, implementing, and monitoring the Commonwealth's Medicaid program for the covered services. To ensure appropriate and collaborative accomplishment of their roles, the agencies will develop and maintain a procedural manual that will be approved by both agency heads.

3.0 AGENCY ROLES

3.1 DMAS Role

As the Commonwealth's single state Medicaid authority, DMAS will be responsible for the implementation and administration of all Medicaid programs. In this role, DMAS will carry out the activities outlined in this section.

3.1.1 DMAS will develop and maintain the State Medical Assistance Plan, which is approved by the Health Care Financing Administration (HCFA).

3.1.2 DMAS will maintain provider Agreements with community services boards and other providers that meet applicable provider qualifications and render covered services to Medicaid-enrolled individuals.

3.1.3 DMAS will provide training and technical assistance to the staff of DMHMRSAS, as necessary, to ensure compliance with state and federal statutory and regulatory requirements.

3.1.4 DMAS will obtain the active involvement and participation of DMHMRSAS, including timely opportunities to review and comment on draft materials, throughout the process of development, review, and implementation of Medicaid applications, regulations, policies, manuals, and implementation guidance and training activities and materials (e.g., memoranda) for the mental health, mental retardation, and substance abuse services.

3.1.5 DMAS will request funding in the Governor's budget for the covered services. DMAS will work closely with DMHMRSAS in developing budget proposals and submissions and involve DMHMRSAS in its expenditure forecasting modeling for the covered services.

3.1.6 DMAS will pay valid claims submitted by qualified providers for any services provided under the terms of the Commonwealth's Medicaid program.

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- 3.1.7 DMAS will provide DMHMRSAS with a monthly tape of claims paid for the covered services in accordance with federal law and regulations. DMAS will also provide data on claims payment and recipient data to DMHMRSAS for medical/surgical inpatient psychiatric, outpatient clinic, and pharmacy services.
- 3.1.8 DMAS will determine all fees to be paid for the covered services and the methodology for establishing those fees. DMAS will obtain the active participation of DMHMRSAS, including opportunities to review and comment on draft materials, whenever fees are established or periodically reviewed and adjusted for the covered services. DMAS will also seek review and comment from DMHMRSAS on fees that DMAS sets for medical/surgical inpatient psychiatric and outpatient clinic services.
- 3.1.9 DMAS may contract or sub-contract with DMHMRSAS for the administration of certain functions related to the covered services, as mutually determined and agreed upon by both agencies. These functions may include service authorization; provider certification or licensing; and data collection, analysis, and report generation

3.2 DMHMRSAS Responsibilities

As the Commonwealth's single state agency for public mental health, mental retardation, and substance abuse services, DMHMRSAS is responsible for the design, development, implementation, and review of the publicly-funded mental health, mental retardation, and substance abuse services delivery system. This responsibility includes operating state mental health and mental retardation facilities; licensing public and private mental health, mental retardation, and substance abuse service providers; and contracting for and funding community mental health, mental retardation, and substance abuse services. In this role, DMHMRSAS will carry out the activities outlined in this section.

- 3.2.1 DMHMRSAS will actively participate and will be closely and regularly involved with DMAS in the development and implementation of applications, regulations, policies, manuals, and implementation guidance and training activities and materials (e.g., memoranda) related to the covered services.
- 3.2.2 DMHMRSAS will certify to DMAS for purposes of provider enrolment the licensing status of programs and services licensed by DMHMRSAS.
- 3.2.3 DMHMRSAS will actively participate in all DMAS activities related to the development, management, and implementation of Medicaid policy, regulations, provider training, and services for the populations served by DMHMRSAS.
- 3.2.4 DMHMRSAS will actively participate and be involved with DMAS as DMAS develops new managed care projects that include or affect any Medicaid-reimbursed mental health, mental retardation, or substance abuse services.

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- 3.2.5 DMHMRSAS will actively participate and be involved closely and regularly with DMAS in the development of expenditure forecasting models, budget proposals, and submissions for the covered services.
- 3.2.6 DMHMRSAS will actively participate and work with DMAS in developing and implementing expenditure forecasting models and forecasts for other mental health, mental retardation, and substance abuse services covered by the Commonwealth's Medicaid program.
- 3.2.7 DMHMRSAS may provide contractual or sub-contracted services to DMAS as mutually determined and agreed upon by both agencies. Such services may include, but are not limited to:
- utilization review,
 - service authorization,
 - provider certification or licensing, and
 - data collection, analysis, and report generation.

Subject to review and approval by DMAS, DMHMRSAS may subcontract any of these services to other qualified organizations, such as administrative services only (ASO) organizations.

- 3.2.8 DMHMRSAS will analyze data from the monthly tapes of claims paid for the covered services and the information about medical/surgical inpatient psychiatric, outpatient clinic, and pharmacy services provided by DMAS. DMHMRSAS will develop routine reports for staff to monitor the provision of the covered services and the impact of the other Medicaid-reimbursed services on the publicly-funded mental health, mental retardation, and substance abuse services system.

4.0 COMMUNICATION AND DATA EXCHANGE

- 4.1 DMAS and DMHMRSAS recognize that communication between internal stakeholders, as well as communication on with external stakeholders, is essential to reducing fragmentation and promoting a strong and effective service delivery system.
- 4.1.1 DMAS and DMHMRSAS will establish a joint bulletin board, which will be accessible from each agency's internet web site for questions and authoritative answers related to the covered services. All other information related to the covered services, such as regulations, service manuals, policies and procedures, waivers, and plans, will be available on the applicable agency's internet web site.
- 4.1.2 DMAS and DMHMRSAS will jointly develop all policy and instructional communications to providers related to the covered services.

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- 4.1.3 When DMAS or DMHMRSAS becomes aware of conditions that will negatively affect the delivery of the covered services, each will notify the other as soon as possible, but no later than five working days from the date on which such information becomes available.
- 4.1.4 DMAS and DMHMRSAS will provide reasonable timeframes for completion when requesting review and comment from each other.
- 4.2 DMAS and DMHMRSAS recognize that data exchange is essential to ensuring that the service system meets the requirements and expectations of regulators, funding sources, and other stakeholders.
- 4.2.1 DMAS and DMHMRSAS will provide to each other the documents and data that are required by this Agreement in a timely and efficient manner, in compatible and useful formats, and in accordance with law and regulations.
- 4.2.2 DMAS or DMHMRSAS may request any data or information that it determines to be necessary to carry out the responsibilities of this Agreement or of its state authority role. DMHMRSAS and DMAS will make every attempt to honor such requests within the constraints of applicable laws and regulations and the constraints of agency workloads.

5.0 REIMBURSEMENT AND PAYMENT PROCEDURES

- 5.1 When DMAS must reimburse DMHMRSAS for performance of administrative services covered or referenced by this Agreement, reimbursement will be by one of two methods: a pass through or a vendor transaction as defined in the Department of Accounts memorandum dated May 20, 1998 regarding Procedures for Identifying and Accounting for Transactions between State Agencies and Institutions.
- 5.1.1 DMHMRSAS agrees to collect, record, and maintain documentation, and an audit trail that supports expenses related to carrying out the provision of this Agreement. Sufficient, adequate documentation in the form of accounting or ledger reports will be submitted with the Interagency Transfer (IAT) to support the draw of federal monies.
- 5.1.2 Any indirect costs included in the billings shall be supported by a federally approved cost allocation plan and separately identified on the billing.
- 5.1.3 If sufficient documentation is not presented with the IAT, DMAS will return the IAT to DMHMRSAS. If the Auditor of Public Accounts (APA) or other auditing agents question costs associated with this activity, DMAS will contact DMHMRSAS for additional backup information and verification.
- 5.1.4 DMHMRSAS will reimburse DMAS for any unsupported or disallowed costs.
- 5.1.5 DMHMRSAS will maintain cost documentation for five years or until DMAS/ DMHMRSAS records are audited by federal and state authorities, whichever is longer.

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- 5.1.6 DMHMRSAS will bill DMAS via Interagency Transfer (IAT) for its monthly costs within forty-five (45) days of the close of each month. The IAT shall reflect the total computable expenditures incurred (both General and Non-general funds), the project number assigned to each service, the Catalog of Federal Domestic Assistance (CFDA) number (#), and the services performed.
- 5.1.7 Pass Through Transactions: If the services relate to a Pass Through transaction as outlined in this Agreement, DMHMRSAS is DMAS' Subrecipient. DMAS will record the transactions using Fund 1000, Transaction Code 497, GLA 989, with the appropriate CFDA number (Medicaid #93.778, CMSIP/FAMIS 93.767, etc.), and, if applicable, a project number. DMHMRSAS will record the expenditure using the appropriate object codes using Fund 1000, Transaction code 116, and GLA 988. DMAS will report the pass through on the Schedule of Subrecipient under DMHMRSAS; and, DMHMRSAS will show the expenditures on the Schedule of Pass Through Funds Received from Other Agencies. DMAS will transfer funds from the Medicaid program to DMHMRSAS within 30 days of receipt of the IAT. Prior to June 15 of each fiscal year, DMHMRSAS will report to the DMAS Grant Supervisor the total amount of funds transferred through subrecipient activity during the fiscal year. If there are any discrepancies between DMAS and DMHMRSAS calculations, the DMAS calculation will be used for final filing of the Schedule of Federal Assistance. DMAS and DMHMRSAS will reconcile financial reports on an annual basis.
- 5.1.8 Vendor Transactions: If the services are vendor transactions, DMAS will record the transactions using Funds 0100 and/or 1000, Transaction Code 380, the CFDA number, the object code and project number. DMAS will process the amount received as revenue under revenue source code 03007, sale of goods or services to state entities. DMAS will report the vendor expenditure on the Schedule of Federal Assistance under the Medicaid grant. DMHMRSAS is not required to report the expenditure on any year-end federal schedules.

IATs should be directed to:

Medicaid Grant Supervisor
Fiscal and Procurement Division
Department of Medical Assistance Services
Suite 1300
600E Broad Street
Richmond, VA 23219

6.0 IMPLEMENTATION OF THIS AGREEMENT

- 6.1 Within 90 days of the execution of this Agreement, DMAS and DMHMRSAS will conduct a joint training for all DMAS and DMHMRSAS employees with responsibilities for implementation and management of the Agreement.

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6.2 The Director of DMAS and the Commissioner of DMHMRSAS will ensure that all employees and offices responsible for the implementation of this Agreement receive a copy of the signed Agreement.

6.3 The Director of DMAS and the Commissioner of DMHMRSAS will ensure that this Agreement is reviewed on an annual basis and that new employees responsible for the implementation and management of the activities referenced by this Agreement receive an orientation to the contents of the Agreement and their responsibilities.

7.0 TERM, MODIFICATION AND TERMINATION OF THE AGREEMENT

7.1 Term/Automatic Renewal: This Agreement is effective until June 30, 2001, and will automatically renew for periods of one year thereafter, unless modified or canceled.

7.2 Modifications: This Agreement may be modified by mutual signed written Agreement of the parties at any time.

7.3 Cancellation: This Agreement may be canceled by either DMAS or DMHMRSAS upon ninety-(90) days written notice to the other party.

7.4 This Agreement is effective from the date of signature.

/S/

Richard E. Kellogg, Commissioner
Department of Mental Health, Mental
Retardation and Substance Abuse Service

/S/

Dennis G. Smith, Director
Department of Medical Assistance
Services

Signed this 17th day of October, 2000

Signed this 17th day of October, 2000.